AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2000

Introduced by Assembly Member Huber

February 23, 2012

An act relating to the Sacramento-San Joaquin Delta to amend Section 11460 of, to add Sections 11108, 11109, 11110, 11111, 11456, 11457, 11458, and 11915.2 to, and to add Article 9.4 (commencing with Section 11259) to Chapter 2 of Part 3 of Division 6 of, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2000, as amended, Huber. *State water facilities:* Sacramento-San Joaquin Delta: Delta-Plan. *conveyance facility*.

(1) The United States Bureau of Reclamation operates the federal Central Valley Project and the Department of Water Resources operates the State Water Resources Development System, known as the State Water Project, to supply water to persons and entities in the state.

Existing law provides for the design, construction, operation, and maintenance of water development facilities by the state, including the State Water Project. State Water Project facilities include, among others, the facilities that are specified or authorized as part of the state Central Valley Project.

This bill would prohibit the construction of a new Delta conveyance facility, as defined, unless specified conditions are met, including (A) the adoption of an agreement by the Department of Water Resources and the Department of Fish and Game that specifies the stages of construction of the new Delta conveyance facility and (B) the establishment of plans and agreements for the construction of specified

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water facilities and implementation of specified water programs meeting prescribed conditions as part of the state Central Valley Project. The bill would prohibit the transportation of water for the federal Central Valley Project through state project facilities, with specified exceptions, unless certain conditions are met.

The bill would require the Department of Water Resources to enter into contracts with specified Delta agencies for purposes of recognizing the right of users to make use of the waters of the Delta and establishing criteria for minimum water quality in the Delta. The bill would require differences between the state and the Delta agencies to be resolved by arbitration if contracts have not been executed by January 1, 2013.

(2) Existing law prohibits the Department of Water Resources, in the construction and operation of the State Water Project facilities, from depriving a watershed or area in which water originates, of the prior right to the water required to supply the beneficial needs of that area, as specified.

This bill would require the project to be operated in compliance with specified water quality standards, and would require the department, the Attorney General, and other state agencies to take actions to ensure that the federal Central Valley Project is operated in compliance with those standards.

The bill would require the department to make an allocation of specified costs of the project to compensate for historic upstream depletion and diversions, and would prohibit specified public agencies from being responsible for those allocated costs. The bill would require the costs of benefits in the Delta resulting from project operations, in excess of detriments caused by the project, to be repaid by beneficiaries, to the extent those costs are allocable.

(3) Under existing law, the Department of Fish and Game and the Department of Water Resources are responsible for specified reports pertaining to water development projects and the Sacramento-San Joaquin Delta.

This bill would authorize the Department of Fish and Game to administer a study to determine the interrelationship between Delta outflow and fish and wildlife resources in the San Francisco Bay System and waste discharges into the San Francisco Bay system.

The bill would require the Department of Water Resources to study the possible interconnection between the State Water Resources Development System and water supply systems serving the Counties of Alameda, Contra Costa, San Joaquin, and San Mateo, and the City and -3- AB 2000

County of San Francisco. The bill would also authorize the department to participate in an investigation of the need to enlarge Shasta Dam and Reservoir or other existing federal reservoirs.

The Sacramento-San Joaquin Delta Reform Act of 2009 requires the Delta Stewardship Council to consider the Bay Delta Conservation Plan (BDCP) for inclusion in a specified Delta Plan, and requires the incorporation of the BDCP into the Delta Plan if the BDCP meets certain requirements, as specified.

This bill would state findings and declarations regarding the lack of information about the regulatory and environmental consequences of incorporating the BDCP into the Delta Plan. This bill would state the intent of the Legislature to enact legislation that would include elements in the environmental impact report and environmental impact statement for the BDCP and to include certain changes in the BDCP, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no-yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11108 is added to the Water Code, to 2 read:
- 3 11108. "Delta" means the Sacramento-San Joaquin Delta, as 4 defined in Section 12220.
- 5 SEC. 2. Section 11109 is added to the Water Code, to read:
- 6 11109. "Delta conveyance facility" means a facility that 7 conveys water directly from the Sacramento River to the State 8 Water Resources Development System or the federal Central Valley 9 Project pumping facilities in the south Delta.
- 10 SEC. 3. Section 11110 is added to the Water Code, to read:
- 11 11110. "Historical levels" means the average annual 12 abundance, from 1922 through 1967, of the adult populations of 13 fish and wildlife estimated to have lived in or been dependent on 14 any area, as determined by the Department of Fish and Game.
- 15 SEC. 4. Section 11111 is added to the Water Code, to read:
- 16 11111. "Suisun Marsh" means the areas described in Section
- 17 29101 of the Public Resources Code, and subject to protection
- 18 under Division 19 (commencing with Section 29000) of the Public
- 19 Resources Code.
- 20 SEC. 5. Article 9.4 (commencing with Section 11259) is added
- 21 to Chapter 2 of Part 3 of Division 6 of the Water Code, to read:

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Article 9.4. Additional Facilities and Programs

- 11259. Notwithstanding any other law, construction of a new Delta conveyance facility shall not commence until all of the following conditions are met:
- (a) The department and the Department of Fish and Game adopt a final agreement that specifies the stages of construction of the new Delta conveyance facility. For purposes of that agreement, the first stage of construction shall include new fish screens, which shall be tested for a period of not less than two years prior to the commencement of the next phase of construction in order to establish the adequacy of the fish screens and operational criteria. The agreement shall provide that the final phase of construction shall not commence until the department and Department of Fish and Game determine that the fish screens and operational criteria will adequately protect fish populations.
- (b) Plans and agreements to protect the beneficial uses of the Delta are in place, including plans and agreements to do all of the following:
- (1) Relocate the intake to the Contra Costa Canal to divert water from state water facilities, subject to the terms of a contract between the department and any appropriate agencies representing the beneficiaries.
- (2) Complete the Los Vaqueros unit, located in eastern Contra Costa County, approximately eight miles west of the Clifton Court Forebay. Other offstream storage reservoirs may be located south or west of the Delta, as determined by the director, to be served by existing project facilities.
- (3) Complete south Delta water quality improvement facilities, consisting of pumping plants, discharge canals, flow control structures, and channelization of sloughs to provide improved circulation, distribution, and quality of water in the southeastern Delta and to meet the needs of the south Delta area. Those facilities may include a turnout from the California Aqueduct to the Westley Wasteway of the federal Delta-Mendota Canal or other facilities to deliver water to the San Joaquin river. In lieu of that turnout, the director may enter an agreement with the Bureau of Reclamation to exchange an equivalent amount of water between the Delta-Mendota Canal and the California Aqueduct. Portions of any new facilities described in this paragraph that are not

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integrally connected with the new Delta conveyance facility shall be constructed only if a contract between an appropriate agency representing the beneficiaries and the department is executed.

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- (4) As mitigation for the past, present, and future adverse impacts of reduced Delta outflows on the wildlife resources of the Suisun Marsh, construct, maintain, or operate, or contract with the Suisun Resources Conservation District for the construction, maintenance, or operation of, the Suisun Marsh overall protection facilities in accordance with a plan developed by the department in cooperation with the Suisun Resources Conservation District and the Department of Fish and Game. These facilities shall be completed no later than the first stage of construction of the new Delta conveyance facility, as described in subdivision (a).
- (5) (A) The construction of facilities for utilizing groundwater storage space, as determined by the director to be feasible, for purposes of providing yield for the State Water Resources Development System based upon estimates by the department that groundwater storage can yield 400,000 acre-feet annually, in conjunction with existing and future surface water supplies, by the recharge and extraction of ground water and including the capitalized cost of delivering water for filling or refilling ground water storage space, in one or more of the following locations within the service area of the State Water Resources Development System:
- (i) The south San Francisco Bay area in the Counties of Santa Clara and Alameda, served by the South Bay Aqueduct.
 - (ii) The San Joaquin Valley, served by the California Aqueduct.
- (iii) Southern California, served by the California Aqueduct, including enlargement of the Devil Canyon Power Plant and the Mojave Division (East Branch) from the Cottonwood Power Plant to Silverwood Lake.
- (B) A facility described in this paragraph shall not be constructed or operated within the boundaries of an agency that has contracted for water from the State Water Resources Development System without a contract with that agency.
- (6) Except as provided in paragraph (7), the construction of the Glenn Reservoir-River Diversion Unit on the west side of the Sacramento Valley in the vicinity of Stony Creek and Thomes Creek watersheds.

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(7) If the Glenn Reservoir-River Diversion Unit described in paragraph (6) is not feasible, as determined by the director, the construction of the Colusa Reservoir-River Diversion Unit on the west side of the Sacramento Valley in the western portion of the Counties of Glenn and Colusa. The Sites Reservoir portion of the unit may be developed at any time hereafter by the federal government as a facility of the federal Central Valley Project to serve the Tehama-Colusa Canal and any extension thereof into Yolo and Solano Counties.

- (8) Implementation of wastewater reclamation programs to provide yield for the State Water Resources Development System. Facilities for these programs shall be economically competitive with alternative new water supply sources, and shall not be constructed or operated within the boundaries of any agency that has contracted for water from the State Water Resources Development System, unless the department does so pursuant to a contract with that agency.
- (9) Implementation of water conservation programs within the boundaries of agencies that have contracted for water from the State Water Resources Development System. However, the implementation of these programs is contingent upon contracts between the agencies and the department.
- (10) (A) Construction of the Mid-Valley Canal Unit for the alleviation of groundwater overdraft and provision of water supply for state and federal water fowl management areas within the canal service area. Only water developed by facilities other than those of the project may be delivered through the canal unit, and that water shall be transported through the new Delta conveyance facility. The full cost of the canal unit incurred by the state shall be allocated to agricultural, municipal, and industrial contractors for the delivered water, and shall be repaid by those contractors.
- (B) The Secretary of the Natural Resources Agency is authorized to indicate in writing the state's intent to agree to administer any federal multiple-purpose water project land and water areas of the Mid-Valley Canal Unit for recreation and fish and wildlife enhancement, as provided in Section 460l-13 of Title 16 of the United States Code, if the water project is constructed by the United States.

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(11) Construction of the Western Delta Overland Water Facilities, to supply water to agricultural areas on Sherman Island, Jersey Island, Hotchkiss Tract, and adjacent areas.

- (12) (A) Construction of facilities to provide for the transportation of water to termini to serve the Counties of San Joaquin and San Mateo, and the City and County of San Francisco.
- (B) Construction of facilities to provide for the transportation of a supplemental water supply to areas in Alameda and Contra Costa Counties not served through the Contra Costa Canal or the South Bay Aqueduct. Water delivered through the facilities shall be water developed by facilities of the federal Central Valley Project.
- 11259.3. (a) Construction of facilities described in subdivision (a) of Section 11259 or paragraph (10) of subdivision (b) of Section 11259 may commence only after the department has entered into a permanent agreement with the Department of Fish and Game for the protection and enhancement of fish and wildlife that provides for both of the following:
- (1) The restoration and maintenance of adult populations of fish and wildlife at historical levels in the Delta and the Suisun Marsh and the San Francisco Bay system westerly of the Delta. Maintenance at historical levels shall consider natural fluctuations in annual water supply and populations of fish and wildlife. The agreement shall include those limitations on exports and diversions to storage that are necessary to restoring and maintaining historical levels of fish and wildlife. To the extent practicable, fresh water needed to restore and maintain fish and wildlife in the San Francisco Bay System westerly of the Delta shall be provided from unregulated flows.
- (2) The realization of the potential of the project for increasing resources above the levels described in paragraph (1) consistent with the contracts for water delivery and with other purposes of the projects.
- (b) The department shall immediately proceed with activities prerequisite to the construction of the facilities described in subdivision (a) of Section 11259, and shall complete the design and commence construction as soon as possible.
- 11259.5. (a) The construction of any new facilities described in paragraphs (3), (6), (7), (8), and (10) of subdivision (b) of Section 11259 is conditional upon the completion of engineering,

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economic, environmental, and financial feasibility reports found favorable by the Director of Water Resources.

- (b) Each financial feasibility report shall contain all of the following:
 - (1) An initial allocation of project costs to project purposes.
 - (2) The proposed method of financing.
 - (3) An estimate of the method of repayment.
- (4) A designation of the water and power contractors that are proposed to repay the allocated reimbursable water development costs, including interest, if any, on upstream storage, conveyance, operations, maintenance, and replacement.
- (5) An estimate of the impact upon retail water prices in the various service areas of the project.
- 11259.7. (a) The environmental impact report for the Delta conveyance facility shall include a discussion of the sources of mineral, nutrient, and biological components of the Sacramento River, and shall evaluate the possible impacts to those components resulting from the operation of the Delta conveyance facility.
- (b) If the department determines that there will be significant adverse mineral, nutrient, or biological effects caused by the operation of the Delta conveyance facility, the department shall do all of the following:
- (1) Evaluate mitigation measures in the environmental impact report.
 - (2) Propose cost allocation principles for mitigation.
 - (3) Prepare trial cost allocation.
- (c) To the extent practicable, the department shall mitigate the adverse impacts on mineral, nutrient, and biological components caused by the operation of the Delta conveyance facility.
 - SEC. 6. Section 11456 is added to the Water Code, to read:
- 11456. (a) The department shall enter into permanent and enforceable contracts with the Delta agencies specified in *subdivision (c) for purposes of recognizing the right of water users* to make use of the waters of the Delta and establishing criteria for the minimum quality of water that shall prevail within the Delta before water may be exported from the Delta. The quality shall be adequate to permit the preservation of Delta agricultural, domestic,
- 38 and environmental uses, as provided in Part 4.5 (commencing with
- 39 Section 12200).

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1 (b) The contracts shall provide for reasonable payment to be 2 made for any benefits that may be received through the water 3 supply or quality provided in the contracts in excess of that which 4 would have been available in absence of the operations of the State 5 Water Resources Development System and of the federal Central 6 Valley Project, and offset by any detriments caused by those 7 operations. If contracts have not been executed by January 1, 8 2013, differences between the state and the Delta agencies specified in subdivision (c) shall be resolved by arbitration upon the written 10 request of either party to the proposed contract identifying the issues upon which arbitration shall be held. Arbitration shall be 11 12 conducted in accordance with Title 9 (commencing with Section 13 1280) of Part 3 of the Code of Civil Procedure.

- (c) The agencies with which the contracts shall be entered pursuant to subdivision (a) are the following:
- (1) North Delta Water Agency.
- (2) Central Delta Water Agency.
- 18 (3) South Delta Water Agency.

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- 19 (4) East Contra Costa Irrigation District.
- 20 (5) Byron-Bethany Irrigation District.
- 21 (6) Contra Costa County Water Agency.
 - (7) Contra Costa County Water District.
 - (8) Suisun Resource Conservation District.
 - (d) When binding determinations have been made involving two-thirds of the total acreage within the Delta and Suisun Marsh located within the agencies specified in subdivision (c), the department or the remaining agencies may withdraw from the arbitration proceedings. This section shall not supersede any requirement for elections to approve the contracts, reached by negotiation or arbitration, as may be required by the act authorizing creation of the agency.
 - SEC. 7. Section 11457 is added to the Water Code, to read:
 - 11457. The costs of providing any benefits received by agricultural, municipal, and industrial water users in the Delta as a result of project operations, in excess of any detriments caused by project operations, shall be repayable to the department by the beneficiaries, to the extent properly allocable. The costs of providing the benefits shall not be reimbursable by any State Water Resources Development System water service contractor who does
- 40 not receive those benefits.

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1 SEC. 8. Section 11458 is added to the Water Code, to read:

11458. (a) Except as provided in subdivision (b), the department shall not transport water for the federal Central Valley Project through project facilities, including the Delta conveyance facility, unless both of the following events occur:

- (1) The Congress of the United States enacts legislation or the Secretary of the Interior enters into a permanent contract with the department that requires operation of the federal Central Valley Project in accordance with all of the following conditions:
- (A) Operation in full coordination with the State Water Resources Development System and in compliance with water quality standards adopted pursuant to Section 13170 and as set forth as conditions in permits and licenses pursuant to Part 2 (commencing with Section 1200) of Division 2. Actions of the board in establishing water quality standards and conditions in permits and licenses shall be a combined action meeting all of the applicable requirements of Part 2 (commencing with Section 1200) of Division 2.
- (B) Operation in conformity with a permanent agreement between the United States and the state for the protection and enhancement of fish and wildlife, which shall provide for both of the following:
- (i) The restoration and maintenance of adult populations of fish and wildlife at historical levels in the Delta and the Suisun Marsh and the San Francisco Bay System westerly of the Delta. Maintenance at historical levels shall consider natural fluctuations in annual water supply and populations of fish and wildlife. The agreement shall include those limitations on exports and diversions to storage that are necessary to assist in restoring and maintaining historical levels of fish and wildlife. To the extent practicable, fresh water needed to restore and maintain fish and wildlife in the San Francisco Bay System westerly of the Delta shall be provided from unregulated flows.
- (ii) The realization of the potential of the project for increasing these resources above the levels in paragraph (i), consistent with the contracts for water delivery and with other purposes of the projects.
- 38 (2) The federal government agrees to the transportation of water 39 of the federal Central Valley Project through the facilities 40 described in subdivision (a) of Section 11259.

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(b) The department may transport water for the federal Central Valley Project through project facilities, in accordance with the following:

- (1) Contracts between the department and the United States existing on January 1, 2013.
- (2) The requirements of any decision of the State Water Resources Control Board.
- (3) For the San Felipe Unit of the federal Central Valley Project, in implementation of the principles of the agreement between the department and the Santa Clara Valley Water District. If operation of the federal Central Valley Project to meet Delta water quality standards requires proportionate reduction in deliveries of water to the San Felipe Unit, those reductions will be made.
- SEC. 9. Section 11460 of the Water Code is amended to read: 11460. (a) In the construction and operation by the department of any project under the provisions of this part, a watershed or area wherein in which water originates, or an area immediately adjacent thereto—which that can conveniently be supplied with water therefrom from that area, shall not be deprived by the department, directly or indirectly, of the prior right to all of the water reasonably required to adequately supply the beneficial needs of the watershed, area, or any of the inhabitants or property owners—therein in that area.
- (b) The project shall be operated in compliance with water quality standards set forth as conditions in permits or licenses pursuant to Part 2 (commencing with Section 1200) of Division 2 and in water quality control plans, as provided in Section 13170 or as established by contract, including rectifying failure of the United States to operate the federal Central Valley Project in accordance with those standards. Actions of the state board in establishing water quality standards and conditions in permits and licenses shall be a combined action meeting all of the applicable requirements of Part 2 (commencing with Section 1200) of Division 2.
- (c) The department, the Attorney General, and other state agencies shall take all necessary actions, including initiating or participating in judicial, administrative, and legislative proceedings, to assure that the federal Central Valley Project is operated in compliance with standards established by the state

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1 board, as specified in subparagraph (A) of paragraph (1) of 2 subdivision (a) of Section 11458.

SEC. 10. Section 11915.2 is added to the Water Code, to read: 11915.2. The department shall make an allocation of the costs to the project to provide water for water quality, fish and wildlife, and recreation in the Delta, Suisun Marsh, or San Francisco Bay, to compensate for historic upstream depletions and diversions that have reduced the amount of water naturally available in the Delta, Suisun Marsh, and San Francisco Bay. Public agencies that have contracted for water supplies from the project shall not be responsible for these allocated costs.

- SEC. 11. (a) The Department of Fish and Game may administer a comprehensive study to determine the interrelationship between Delta outflow, including flushing flows, fish and wildlife resources in the San Francisco Bay system westerly of the Delta, and waste discharges into the San Francisco Bay system. The State Water Resources Control Board shall be responsible for the portions of the study relating to waste discharges. The study and the work plan for it shall be reviewed by a committee composed of representatives of the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, and the Department of Water Resources.
- (b) The Department of Fish and Game shall report progress on the study annually to the Legislature. The report shall include recommendations for coordination with any other ongoing related study and for adjustment in funding, and the report shall include independent statements of review from each agency on the review committee.
- (c) The primary purpose of the study described in subdivision (a) is to provide data to aid the State Water Resources Control Board in its consideration of the need to set standards to protect San Francisco Bay to assure that planning for future projects will not appreciably reduce unregulated delta outflows before the State Water Resources Control Board determines the need for water quality standards to protect the San Francisco Bay System westerly of the Delta.
- 37 (d) The study need not be completed before the final 38 environmental impact report on the Delta conveyance facility, as 39 described in subdivision (a) of Section 11259 of the Water Code, 40 is adopted.

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(e) The study may be included in any existing study performed by the Department of Fish and Game that meets the requirements of subdivision (a).

- (f) This section shall not affect the obligation of the Department of Water Resources under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).
- (g) (1) The requirement for submitting a report under subdivision (b) is inoperative on December 31, 2017, pursuant to Section 10231.5 of the Government Code.
- (2) A report to be submitted pursuant to subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code
 - SEC. 12. The Department of Water Resources shall study the possible interconnection between the State Water Resources Development System and water supply systems serving the Counties of Alameda, Contra Costa, San Joaquin, and San Mateo, and the City and County of San Francisco.
- SEC. 13. The Department of Water Resources may participate in an investigation of the need to enlarge Shasta Dam and Reservoir or other existing federal reservoirs for joint use of the State Water Resources Development System and the federal Central Valley Project, if a contract is executed for this purpose between the Secretary of the Interior and the Department of Water Resources. The study shall be subject to Section 11259.5 of the Water Code.
- SECTION 1. The Legislature finds and declares that the lack of information in the Draft Delta Plan and corresponding Draft Programmatic Environmental Impact Report about the regulatory and environmental consequences of incorporating the Bay Delta Conservation Plan into the Delta Plan makes it impossible for the Delta Stewardship Council and the public to comprehend the environmental consequences of adoption of the Delta Plan as required under the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).
- SEC. 2. It is the intent of the Legislature to enact legislation that would require the inclusion of "nondiversion" alternatives as part of the environmental impact report and environmental impact statement for the Bay Delta Conservation Plan, a cost-benefit

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1 analysis for all diversion and nondiversion alternatives, an

- 2 independent review of the science used in the environmental impact
- 3 report and environmental impact statement in coordination with
- 4 the delta counties, and the establishment and inclusion of a
- 5 statutory governance role with respect to the Bay Delta
- 6 Conservation Plan for decision makers in the delta counties,
- 7 including municipalities and other affected agencies.